

The details of broad guidelines issued by the RBI to all scheduled commercial banks following the acceptance of the recommendations of Nayak Committee Report, inter-alia include :

- i) to grant working capital credit limits to SSI units computed on the basis of a minimum of 20% of their projected annual turnover to the SSIs whose credit limits in individual cases is less than Rs.one crore;
- ii) to give preference to village industries, tiny industries and other small scale units in that order while meeting the credit requirements of the sector;
- iii) to prepare annual budget on the "bottom-up" basis to ensure that the legitimate requirements of SSI sector are met in full during the VIII Five Year Plan period;
- iv) to ensure that there should not be any delay in sanctioning and disbursal of credit to SSI sector; and
- v) to extend the 'Single Window Scheme' of Small Industries Development Bank of India (SIDBI) to all districts.

Under Integrated Rural Development Programme (IRDP), back-end subsidy system has been introduced with effect from February, 1996. As per the scheme, full project cost including subsidy would be disbursed to the borrowers as loan by banks. Subsidy amount would be kept in the form of fixed deposit in the name of the beneficiary subject to the bank's lien. The repayment schedule of loan would be drawn in such a way that the fixed deposit (subsidy) alongwith the interest accrued for the entire period of the deposit in compounded manner would be sufficient for adjustment towards the last few instalments. The availability of the benefit of subsidy to borrowers would be contingent on their proper utilisation of loan as also its prompt repayment and maintaining the asset in good condition.

Under the Scheme of Urban Micro Enterprises (SUME), a poverty alleviation programme under Nehru Rozgar Yojana (NRY), RBI in June, 1990, had inter-alia advised the banks that as far as possible the entire loan amount and subsidy may be disbursed together in one instalment. Disbursement of loan in stages (not exceeding three in any case) might be done in exceptional cases and for valid reasons. Banks should disburse the entire amount of subsidy eligible to the borrower in such cases as soon as 25 per cent of the sanctioned loan amount is disbursed.

Under the Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP) RBI in January, 1996 advised the banks that the subsidy to be given by the Government would be passed on to the banks through the Urban Local Bodies in advance so that the bank branch disbursing loan may treat subsidy amount as fixed deposit in the name of the borrower.

Export of Agro-Products

1977. SHRI SARAT PATTANAYAK :
SHRIMATI VASUNDHARA RAJE :
SHRI MANIKRAO HODLYA GAVIT :

Will the Minister of COMMERCE be pleased to state:

(a) the total quantity of foodgrains exported and the foreign exchange earned therefrom during each of the last three years, country-wise and item-wise

(b) whether the Government have any proposal to increase the export of agro-products during 1996-97;

(c) if so, the details thereof; and

(d) the steps taken by the Government to boost the export of agro-products?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLA BULLI RAMAIAH) : (a) The quantity and value of foodgrains exported during the past three years have been as follows :

Quantity : In Metric Tonnes			Value : In Rupees Crores			
Item	1993-94		1994-95		1995-96	
	Qty.	Value	Qty.	Value	Qty.	Value
1. Rice	767687	1286.71	890620	1205.79	5512601	4553.01
2. Wheat	390	20.58	86628	42.34	617211	360.90
3. Coarse Grains	148316	34.02	50507	28.03	28047	17.15
Total	916393	1341.31	1027755	1276.16	6157859	4931.06

(Source : DGCI&S, Calcutta)

The country-wise export figures are available in the monthly bulletin/annual numbers of the Foreign Trade Statistics Published by the DGCI&S, Calcutta, copies of which are available in the Parliament Library.

(b) to (d). Steps taken to enhance export of agricultural products include simplification of inspection procedures, removal of Minimum Export Price and Quantity restrictions on selected items, provisions of concessional credit, product development to meet international needs, extension of benefits available under the scheme of EOUs/EPZs to agriculture sector and permitting 50% sale in the domestic tariff area, free import of raw cashew nuts for augmenting domestic supply, quality testing and facilities to maintain the cold chain.

Inspection of Banks

1978. SHRI ANANTH KUMAR :

SHRI VIJAY GOYAL :

Will the Minister of FINANCE be pleased to state :

(a) whether the working group set up by the Reserve Bank of India to suggest changes in the approach, thrust and style of inspections of banks has submitted its report to the R.B.I. recently;

(b) if so, the details of the recommendations made by the working group; and

(c) the reaction of the Government thereon;

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM) : (a) Yes, Sir. The Working Group has submitted its report to RBI on November 8, 1995.

(b) The major recommendations of the Group are as under :

i) Strategy: The Working Group has recommended a shift in Supervisor strategy from periodic inspection to a system of continuous/ongoing supervision and periodical inspection. The system envisaged integration of the newly introduced off-site monitoring system with periodical on-site inspections. The focus of the inspection has to be on solvency capital adequacy, liquidity, operations soundness and managerial prudence.

ii) Periodicity : The Group has recommended on sight inspection for weak banks on annual basis and for sound banks on biennial basis based on their reported/assessed financial and operational conditions and compliance record. The rating of banks would be important factor for deciding the periodicity of inspections.

iii) Inspection output : Inspection should focus and produce output relating to assessments on three broad areas:

- financial condition;
- operating conditions (systems and controls) and quality of Management; and

c) regulatory compliance: Assessment of financial condition would consist of separate assessment on asset quality, solvency, capital adequacy, liquidity and earning performance.

The group has also recommended supplementary on-site assessments between the inspections namely targeted appraisals; targeted appraisals at control sites; commissioned audits; and Monitoring visits.

Action plans incorporating identified concerns arising out of on-site inspections would be monitored by the Department of Supervision (DOS) on regular basis.

iv) Rating of Banks: The group has recommended to adopt a rating systems for banks. The rating would be on five-score of (a) to (e) based on their strength and soundness of rating factors, namely capital adequacy, asset quality, management, earnings, liquidity, systems and controls (CAMELS) for Indian Banks and capital adequacy, asset quality, compliance, systems & controls (CACS) for Foreign Banks.

(c) RBI has reported that major recommendations of the Working Group have been largely accepted by RBI.

Dues against Maharashtra

1980. SHRI MOHAN RAWALE :

SHRI JAGAT VIR SINGH DRONA :

Will the Minister of TEXTILES be pleased to state:

(a) whether the National Textile Corporation has to pay some outstanding dues to the Maharashtra State Cooperative Cotton Federation for purchase of cotton from time to time;

(b) if so, the details thereof;

(c) whether the Government of Maharashtra has been requesting the Union Government for payment of these outstanding dues; and

(d) if so, the reaction of the Union Government thereto?

THE MINISTER OF TEXTILES (SHRI R. L. JALAPPA):

(a) to (d). As on 31.5.1996, the NTC had to pay an amount of Rs.98.30 crores to the Maharashtra State Cooperative Cotton Growers' Marketing Federation towards purchase of cotton. Since cotton is purchased by the NTC mills on credit terms, there are always bound to be certain outstanding dues at any given point of time. NTC is unable to clear all the outstanding dues on account of acute shortage of working capital. The request of State Govt./Maharashtra State Coop. Cotton Growers' Marketing Federation has been passed on to the NTC with a request to clear the dues at the earliest. NTC is expected to clear the dues depending upon the availability of the working capital.